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After explaining the elementary theory of his subject, the author goes on to show how London has become the world's clearing place. drawing few bills of exchange, but accepting many, with the result that the exchanges are in most cases controlled from the other side ; though the Indian exchange is cited as a notable exception to this rule. It is shown that there can be no fixed par of exchange between a gold-standard country and a silver-standard country, because of the absence of any fixed ratio between the values of the metals. The author explains the terminology and the technicalities of the exchanges, and devotes a chapter to showing some time-saving methods of making arithmetical exchange computations.

The influences of trade and of stock exchange and banking operations on the rise and fall of the exchanges are examined in their relations to long bills, short bills, and checks ; and particular attention is paid to the item of continental demand for London paper for investment purposes. The principal gold and silver exchanges of the world are then considered separately ; and in the case of New York a striking contrast is drawn between the scarcity of London paper in the spring, and its abundance in the autumn, due to the fall shipments of grain and cotton. On the matter of specie shipments the following concise statement is made : "All nations of the Teutonic stock pay in gold on demand, and so also do France, Belgium and Switzerland ; but Asia employs silver, and the rest of the world lies under the bane of inconvertible paper money." The author concludes his work with a discussion of the paper exchanges, in which he states clearly some of the uses and abuses of paper money. He pertinently remarks that the curse of inconvertible paper is over-issue, and illustrates the principle by reference to recent fluctuations in the Brazilian, Italian, Spanish and Russian exchanges. These fluctuations, as well as the course of the New York exchange for 1891, and a number of other points, are represented by means of diagrams.

MAX WEST.

A History of the Theories of Production and Distribution in English Political Economy, from 1776 to 1848. By EDWIN CANNAN, M.A. London : Percival & Co., 1893. pp. vii.+410.

As will be seen from the title, this book marks a new departure in the treatment of the history of Political Economy by English writers

It is a serious study of one or two parts of the internal history of Political Economy, of the origin and growth of some few doctrines of Political Economy, rather than of the history of the whole subject. Mr. Cannan's task, in fact, is very specific : "Simply to show what the various theories concerning production and distribution" between "the dates of the publication of the *Wealth of Nations* and Mill's *Principles of Political Economy*" were, "and to explain how and why they grew up, and then either flourished or decayed." I shall try to indicate the way in which Mr. Cannan executes this very clearly conceived task, but may say at the outset that the feature of the execution which is bound to impress students of Political Economy, seems to me to be the great amount of positive work of investigation, comparison and interpretation which the author has undertaken in the case of almost every name of even the slightest importance known to students of economic theory between Adam Smith and John Stuart Mill. His research into the theories of production and distribution between 1776 and 1848 is exhaustive, and the passages he quotes entire from various writers are of great value to the student. He thoroughly knows the genesis and order of an author's thinking and writing, and offers again and again much important information about the way in which many leading books were written ; and in every way his hold on his subject is close and firm, although not always fair.

There are eight chapters in the book, with numbered subordinate sections. Roughly speaking, chapters i. and ii. are on terminology and the divisions of Political Economy, and point out alleged looseness in the one case and the state of the facts in the other. Chapters iii., iv. and v. are on Production, and are, in the main, more positive in tone than the three succeeding chapters, which are, especially vii. and viii., the hardest in the book, and also the ones where leading economists are most severely criticised for want of logical rigor and completeness in their doctrines. Chapter ix. is a general review which an economist like Prof. Cunningham takes to be perhaps the most valuable in the book (*Economic Journal*, September, 1893). If Prof. Cunningham means that that chapter takes most overt recognition of the platitude called "the relativity of economic doctrine", he is probably right in his opinion. The chapter is supercilious in tone, although containing one or two bits of condensed information, and, as a summary of general criticism : it is partial, fragmentary, and indecisive. The tone of the book throughout is : "It is not very easy to understand the admiration

which was once felt for the progress made during that period"; admiration bestowed on Smith and Ricardo has vexed Mr. Cannan. So also the thought that some people (surely none of the best economists!) have held up "a few chosen economists as exempt from human error", and exhibited "all their opponents as persons of feeble intellect, who entirely failed to understand them", and he has "no sympathy" with the "idealization" of the upholders of "abstract theory". There are passages in the book which suggest that Mr. Cannan has forgotten altogether that some of the economists were, as matter of fact, reasoning by the abstract or hypothetical method—of course we all know that Ricardo did not draw up his postulates as axioms. A good share of Mr. Cannan's criticism only goes to show that there is a want of scientific exactness of definition, of method, of proportion in treatment, in the "classicists". One-third of the closing chapter, which ought in fairness to have dwelt on a few points of view that enable us to systematize what the economists *did* even at the risk of saying what others have said, is given over to this platitudinous charge.

The best thing in the book is the abundance of ordered quotations from economists which must have meant two or three years mining, the careful study of the relations of economists to each other—also verified by patient description and quotation—and the admirable bibliography at the end of the book representing an exhaustive course of reading. All future writers will have to reckon with Mr. Cannan's work. It is a great pity that a book professedly positive in purpose should have been occupied with showing that the classical economists did nothing. One feels that it is Mr. Cannan's secret belief that the foundations of the theories of production and distribution were laid after Mill, and not before him, by the socialists and by Jevons and the Austrians; he criticises his writers for not having the fuller and clearer and more expansive notions and definitions of capital, of profit, of production, of revenue, etc., practically saying they were wrong and did nothing, when they did at least half of the whole, or at least of the whole we yet have.

It is really straining matters somewhat to say that the *Wealth of Nations* "was in the main a scientific, and not a practical treatise"; of course, the Physiocratic influence over Adam Smith made him seem theoretical, but his aims were probably practical and his book was taken to be a plea for a policy, at least in England, and in the first decades of the century in Germany, and later in France and America. Mr. Can-

nan, though, has made out his contention that the aims of Ricardo, Malthus, and the rest were practical, and one of the most useful services his book renders is his tracing out the logic of post-Smithian theories in close connection with events. But why he should, after this admission and these results, torture the mind of the reader with page after page of attempt to trip up Ricardo and the rest for a want of perfect logical consistency and rigor, which never did and never could exist in their writings, is rather puzzling at this day. It is possible, of course, that there are people who have still to get a false Ricardo and a false Malthus dethroned from their minds; nothing could be better for such people than to follow Mr. Cannan through his long and arduous excursions. Adam Smith is once arraigned, for example, for using "must be" where he might have written "generally is". That is captious, and there is more of the same sort. J. S. Mill is accused of inconsistency in using "the expression 'wages depend on population and capital'" without remembering to consider it as elliptical after having promised to do so, and Mr. Cannan's terse way of putting it shows him to have been very proud of his discovery; but the charge of inconsistency can only be maintained by going outside of the chapter referred to (book ii. chap. xi.), which is unfair. The same near-sighted seeking after perfect symmetry and fullness is exhibited in the fact that Mr. Cannan is occasionally blind to much that can easily be fairly inferred in men like Mill and Adam Smith even when they did not write *in extenso* on a minute point. He says, e.g., that "Mill seems to have nothing whatever to say as to causes which increase or decrease the 'part of capital expended in the purchase of labor'." Would any reader of Mill agree to this?

Book ii. is more objective in tone than are most of the rest, and helps very materially to a proper understanding of how the various traditional parts of Political Economy got incorporated into it. Book iii. shows that Adam Smith conceived of labor very indefinitely on the whole.

Book iv. contains much useful material on the wages-fund question, although I do not recall Mr. Cannan's once having used the expression. The discussion throughout this book may be narrowed down to the contention that, rightly or wrongly—wrongly, Mr. Cannan thinks—the only capital that economists got into the habit of discussing was circulating capital, or capital as the "whole annual circulation of money and goods". Further, "Adam Smith's division of the stock of a com-

munity into that from which it derives an income and that from which it does not, is indefensible." In this chapter the straining after exact logical definition is really painful. Has that ever come in the beginning of a science? Every effort is made to show that, "It can scarcely be denied that Adam Smith left the whole subject of 'capital' in the most unsatisfactory state." Now, the very idea of the function of capital was a distinct achievement. Has not Mr. Cannan's treatment of Adam Smith suffered from the fact that beyond the merest occasional mention of the Physiocrats, there is no real reference to Adam Smith's predecessors? Has Mr. Cannan really been historical enough? The historian must build up as well as pull down.

Chapter v., and all that later in the volume may be associated with it, is very valuable in letting us see from numberless passages and writers the gradual creation of the mythical Malthus. But Mr. Cannan has overlooked the simplicity of Malthus's original propositions, and in his violent antipathy to the conception of a stationary state, again and again ignores the fact that only an "old country" was to be contemplated as verging towards that state.

As to Distribution and "Pseudo-Distribution" (chaps. vii. and viii.), Mr. Cannan, to a great extent, succeeds in showing that for reasons traceable to Adam Smith, "distribution in English economic treatises" has been "identified with a discussion of the causes which affect wages, profit, and rent". There are many good results here. Ricardo's limited ideas on economic progress are unfolded, also how he was led "to think that wages varied with the price of provisions, save perhaps when the laborer is reduced to a bare allowance of necessities".

After having shown us, as it were, in the preceding books, the many technical defects of economic theories, Mr. Cannan practically takes the view in the last chapter that they were, after all, useful errors; the theory of production served to destroy the abuses of the old Poor Law by teaching that capital and not the state could employ labor; the theory of the rise of rent and fall of profits being due to decreasing productiveness of industry employed at the margin of cultivation, was an "admirable engine" for bringing the manufacturing class into favor; and the theory of interest being due to a painful exertion, served the purpose of bringing the commercial class into favor. The last chapter, indeed, is casual, and supercilious, and tantalizing, reminding one of the worst sort of German criticism of Malthus.

In his closing section Mr. Cannan runs very near the assumption

that the whole of modern socialism is true, because in what the economists wrote there was little that can be used as explanatory of changes which have taken place in a socialistic and collectivist direction. This charge has been answered, and it is very annoying to have a big volume close with some two pages of dark hints. The criterion of "exchange value", and supply and demand generally, are not so nearly obsolete as Mr. Cannan takes them to be, nor so impotent to explain even "social" phenomena. The logical conclusion of the "letter" of the book is that there is no Political Economy; the "spirit" fortunately, in the shape of the positive knowledge it gives us of the economists, is less subversive.

A distinct merit of Mr. Cannan's work still remains to be mentioned. It is well known that Senior and James Mill had a great influence on the development of Political Economy, and that many very valuable criticisms of Adam Smith came from men like Lauderdale. The teaching of these and other writers on relevant topics is clearly unfolded by Mr. Cannan, with a completeness utterly beyond ordinary historians of Political Economy, who content themselves with repeating stereotyped phrases about such so-called minor writers. Mr. Cannan makes, in many cases, practically, discoveries, such as that "the form in which the 'law of diminishing returns' was subsequently [to Malthus] taught, and the phraseology in which it was expressed, are far more due to West than is imagined by many who only know him as the subject of a cruel reference in Ricardo's preface." He unearths people like Boiteau and Marcket, too, who are now practically forgotten. When treating of the causes which determine the rate of profit he finds that "the little known Dublin professor, Mountifort Longfield, had approached", about 1834, to a more satisfactory theory than even J. S. Mill. "Rejecting altogether the Ricardian doctrine that the historical fall of profits is due to the declining productiveness of the last employed agricultural industry, he put forward a theory that the general rate of profit depends upon the labor-saving efficiency of the least efficient capital employed, and took as his type of capital machinery instead of wage-fund." The extended application of the Ricardian ideas is suggestive. Statutes and Parliamentary Papers are also laid under contribution by Mr. Cannan.

Mr. Cannan rarely shows his own hand. Twice, or at most thrice, in his volume one thinks one sees it. In the next to the last page, for example, he hints that, according to a well-known rule, each

successive increment of wealth producing a less amount of material welfare, a given amount of wealth will produce more or less welfare according as it is better distributed. Here we are on ground belonging to psychological economics, with the underlying thought (I referred to it above) that Socialism or the State or some other *ignotum quid* might effect a better distribution than history has been able to do. Of course we may "label" his present work as we choose; we can never forget that it is a piece of work done. It is significant that he should have found the first part of Böhm-Bawerk's *Kapital und Kapitalzins* more helpful to him than any other work.

WILLIAM CALDWELL.

The Land-Systems of British India. By B. H. BADEN-POWELL.
Oxford: The Clarendon Press, 1892. 8vo. 3 vols. pp. xix
+ 699, 771, 632.

MR. BADEN-POWELL'S work is a manual of Indian land systems, for the use, primarily, of Indian revenue officers. But while admirably adapted, as near as may be judged at this distance, for this its immediate purpose, it also contains a great deal of material of first-rate importance to the student of tenures and other agrarian questions.

Something more than one-half (386 pages) of the first volume is occupied with a general discussion of Indian land tenures and revenue systems, by way of gaining a historical and theoretical standpoint for the detailed discussion of the particular systems in effect in the various provinces of the Indian Empire. This general portion (book i.) is followed in the same volume by book ii., dealing in detail with Bengal. Book iii., occupying the whole of the second volume, discusses the system of village settlements, in its many local varieties. Volume iii. (book iv.) treats of the Raiyatwári and allied systems.

The work is a monument to the intricacy and extent of the British-Indian land revenue system, as well as to the author's industry and erudition. One may open the book at almost any of its more than two thousand pages and find that the special subject dealt with at any given point has received scant treatment, rather than the contrary. At least it will seem so to anyone reading with a view to inform himself on the details relating to any question in which he may be specially interested. The space required for the treatment of the subject, and the multiplicity of definitions and distinctions, and varieties of detail,